

**RECREATION DISTRICT NO. 6 OF ALLEN PARISH
Reeves, Louisiana**

A Component Unit of the Allen Parish Police Jury

Annual Financial Statements

As of and for the Year Ended September 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-2-08

RECREATION DISTRICT NO. 6 OF ALLEN PARISH

**Annual Financial Statements
As of and for the Year Ended September 30, 2007
With Supplemental Information Schedules**

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Stutzman & Gates, LLC

Certified Public Accountants

Members:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Recreation District No. 6 of Allen Parish
Reeves, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 6 of Allen Parish, a component unit of the Allen Parish Police Jury, as of and for the year ended September 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Recreation District No. 6 of Allen Parish's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Recreation District No. 6 of Allen Parish, as of September 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2008, on our consideration of the Recreation District No. 6 of Allen Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on page 18 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Recreation District No. 6 of Allen Parish has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Recreation District No. 6 of Allen Parish's basic financial statements. The other supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The per diem paid board members and status of prior audit findings have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Stutzman & Gates, LLC

Stutzman & Gates, LLC

March 28, 2008

BASIC FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 6 OF ALLEN PARISH
Statement of Net Assets
September 30, 2007

ASSETS

| | | |
|---------------------------|----|-------------------------|
| Cash and cash equivalents | \$ | 361,310 |
| Other assets | | 19,306 |
| Capital assets (net) | | <u>1,456,930</u> |
| TOTAL ASSETS | | <u>1,837,546</u> |

LIABILITIES

| | |
|--|-----------------------|
| Accounts, salaries, and other payables | 57,951 |
| Accrued interest payable | 3,475 |
| Bonds payable: | |
| Portion due within one year | 35,000 |
| Portion due after one year | <u>860,000</u> |
| TOTAL LIABILITIES | <u>956,426</u> |

NET ASSETS

| | |
|---|--------------------------|
| Invested in capital assets, net of related debt | 537,865 |
| Restricted for: | |
| Capital outlay | 190,612 |
| Debt service | 97,124 |
| Unrestricted | <u>55,519</u> |
| TOTAL NET ASSETS | <u>\$ 881,120</u> |

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 6 OF ALLEN PARISH
Statement of Activities
For the Year Ended September 30, 2007

| | <u>Expenses</u> | <u>Program Revenues Capital Grants & Contributions</u> | <u>Net (Expenses) Revenues & Changes in Net Assets Governmental Activities</u> |
|--------------------------------|------------------|--|--|
| Governmental Activities | | | |
| General government | \$ 19,827 | \$ 407,154 | \$ 387,327 |
| Interest | <u>42,347</u> | <u>-</u> | <u>(42,347)</u> |
| Total Governmental Activities | <u>\$ 62,174</u> | <u>\$ 407,154</u> | <u>\$ 344,980</u> |
| General Revenues: | | | |
| Property taxes | | | 150,920 |
| Interest | | | <u>30,891</u> |
| Total general revenues | | | <u>181,811</u> |
| Change in Net Assets | | | 526,791 |
| Net assets-beginning | | | <u>354,329</u> |
| Net assets-ending | | | <u>\$ 881,120</u> |

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 6 OF ALLEN PARISH
Balance Sheet, Governmental Funds
September 30, 2007

| | <u>GENERAL FUND</u> | <u>DEBT SERVICE FUND</u> | <u>CAPITAL PROJECTS FUND</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|-------------------------|----------------------------------|--------------------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 70,099 | \$ 100,599 | \$ 190,612 | \$ 361,310 |
| TOTAL ASSETS | <u>\$ 70,099</u> | <u>\$ 100,599</u> | <u>\$ 190,612</u> | <u>\$ 361,310</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts, salaries, and other payables | \$ 1,714 | \$ - | \$ 56,237 | \$ 57,951 |
| Total Liabilities | <u>1,714</u> | <u>-</u> | <u>56,237</u> | <u>57,951</u> |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Capital projects | - | - | 134,375 | 134,375 |
| Debt services | - | 100,599 | - | 100,599 |
| Unreserved, reported in: | | | | |
| General Fund | 68,385 | - | - | 68,385 |
| | <u>68,385</u> | <u>100,599</u> | <u>134,375</u> | <u>303,359</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 70,099</u> | <u>\$ 100,599</u> | <u>\$ 190,612</u> | <u>\$ 361,310</u> |

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 6 OF ALLEN PARISH
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2007

| | <u>GENERAL FUND</u> | <u>DEBT SERVICE FUND</u> | <u>CAPITAL PROJECTS FUND</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|-------------------------|----------------------------------|--------------------------------------|---|
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 48,829 | \$ 102,091 | \$ - | \$ 150,920 |
| Other taxes, penalties, interest, etc. | 42 | 85 | - | 127 |
| Interest | 1,501 | 2,924 | 26,339 | 30,764 |
| State grant revenue | - | - | 407,154 | 407,154 |
| Total Revenues | <u>50,372</u> | <u>105,100</u> | <u>433,493</u> | <u>588,965</u> |
| EXPENDITURES | | | | |
| Advertising | 931 | - | - | 931 |
| Concession stand supplies | 153 | - | - | 153 |
| Insurance | 5,274 | - | - | 5,274 |
| Legal & professional | 5,165 | - | 65 | 5,230 |
| Office expenses | 162 | - | - | 162 |
| Rent | 600 | - | - | 600 |
| Repairs & maintenance | 5,867 | - | - | 5,867 |
| Safe deposit box rental | 30 | - | - | 30 |
| Utilities | 587 | - | - | 587 |
| Capital outlay | 52,613 | - | 1,242,734 | 1,295,347 |
| Debt service: | | | | |
| Principal payments | - | 35,000 | - | 35,000 |
| Interest payments | - | 42,045 | - | 42,045 |
| Agent fees | - | 350 | - | 350 |
| Total Expenditures | <u>71,382</u> | <u>77,395</u> | <u>1,242,799</u> | <u>1,391,576</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(21,010)</u> | <u>27,705</u> | <u>(809,306)</u> | <u>(802,611)</u> |
| Net Change in Fund Balances | (21,010) | 27,705 | (809,306) | (802,611) |
| Fund balances-beginning | 89,395 | 72,894 | 943,681 | 1,105,970 |
| Fund balances-ending | <u>\$ 68,385</u> | <u>\$ 100,599</u> | <u>\$ 134,375</u> | <u>\$ 303,359</u> |

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 6 OF ALLEN PARISH

Notes to the Financial Statements As of and for the Year Ended September 30, 2007

INTRODUCTION

Recreation District No. 6 of Allen Parish was created by the Allen Parish Police Jury on September 18, 2000 under the authority conferred by Article VI, Section 19 of the Constitution of the State of Louisiana of 1974, Sections 4562 to 4566, both inclusive of Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 33:4562-33:4566). The District was created to provide recreational facilities for the citizens of Ward Three of Allen Parish. The District is governed by five commissioners whom are appointed by the Allen Parish Police Jury and maybe be compensated by a per diem of \$10 per meeting attended, not to exceed twelve meetings per year. As of September 30, 2007, the commissioners have chosen not to be paid any per diem. The District encompasses all of Ward Three of Allen Parish and has approximately 2,500 citizens. As of September 30, 2007, the District has no employees. The District is in the process of developing the recreation complex and when it is completed it will offer a wide range of recreational facilities to the citizens.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Recreation District No. 6 of Allen Parish is considered a component unit of the Allen Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Recreation District No. 6 of Allen Parish. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The Recreation District No. 6 of Allen Parish reports the following governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The Debt Service Fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations.

The Capital Projects Fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Deposits and Investments

the Recreation District No. 6 of Allen Parish's investment policy allow the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectives. Uncollectible amounts due for ad valorem taxes are recognized as uncollectible using the allowance method. There were no uncollectible amounts due at September 30, 2007.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

| | Authorized and Levied Millage | Expiration Date |
|----------------|-------------------------------------|--------------------|
| Taxes due for: | | |
| Maintenance | 5 mills | 2012 |
| Bond | 10 mills | 2023 |

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. As of September 30, 2007, all assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Recreation District No. 6 of Allen Parish maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over their remaining useful lives.

As of September 30, 2007, the only capital assets the District has are land and construction in progress, therefore, no depreciation has been recorded.

F. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities type statement of net assets. Issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Long-Term Obligations

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

G. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

I. Reconciliations of Government-Wide and Fund Financial Statements

The following reconciles the fund balances of governmental funds to the government-wide statement of net assets.

| | | |
|---|----|----------------|
| Total Fund Balance at September 30, 2007-Governmental Funds | \$ | 303,359 |
| Bond-related adjustments | | (895,000) |
| Cost of capital assets | | 1,456,930 |
| Accrued interest payable | | (3,475) |
| Bond issuance costs, net | | 15,794 |
| Prepaid insurance | | 3,512 |
| Net Assets at September 30, 2007-Governmental Activities | \$ | <u>881,120</u> |

The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities.

| | | |
|---|----|----------------|
| Total Net Change in Fund Balance-Governmental Funds | \$ | (802,611) |
| Bond principal | | 35,000 |
| Capital outlay | | 1,295,347 |
| Interest | | 58 |
| Amortization of bond issuance costs | | (982) |
| Prepaid insurance | | (21) |
| Change in Net Assets of Governmental Activities | \$ | <u>526,791</u> |

J. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Recreation District No. 6 of Allen Parish uses the following budget practices:

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the District's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations by more than five percent. There was one amendment to the original budget during the year and all amendments are reflected in the budget comparison.

3. CASH AND CASH EQUIVALENTS

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement that is approved by the Board of Commissioners, the District maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Interest rate risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk. The District places no limit on the amount the District may invest in any one issuer.

At September 30, 2007, the Recreation District No. 6 of Allen Parish has cash and cash equivalents (book balances) totaling \$361,310 as follows:

| | | |
|----------------------------------|----|----------------|
| Demand deposits | \$ | - |
| Interest-bearing demand deposits | | 361,310 |
| Time deposits | | - |
| Other | | - |
| Total | \$ | <u>361,310</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Recreation District No. 6 of Allen Parish
Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS

At September 30, 2007, the Recreation District No. 6 of Allen Parish has \$386,933 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$286,933 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2007, is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 24,065 | \$ 31,302 | \$ - | \$ 55,367 |
| Construction in progress | <u>137,518</u> | <u>1,264,045</u> | <u>-</u> | <u>1,401,563</u> |
| Total capital assets, not being depreciated | <u>\$ 161,583</u> | <u>\$ 1,295,347</u> | <u>\$ -</u> | <u>\$ 1,456,930</u> |

There was no depreciation expense for the year ended September 30, 2007.

5. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$57,951 at September 30, 2007 are as follows:

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Total</u> |
|----------|-------------------------|----------------------------------|--------------------------------------|------------------|
| Accounts | \$ 1,714 | \$ - | \$ 56,237 | \$ 57,951 |
| Other | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 1,714</u> | <u>\$ -</u> | <u>\$ 56,237</u> | <u>\$ 57,951</u> |

6. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended September 30, 2007.

| | <u>Bonded Debt</u> |
|--|--------------------|
| Long-term obligations at Beginning of Year | \$ 930,000 |
| Additions | - |
| Deductions | <u>35,000</u> |
| Long-term obligations at End of Year | <u>\$ 895,000</u> |

6. LONG-TERM OBLIGATIONS

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of September 30, 2007.

| | Bonded Debt |
|-------------------|-------------------|
| Current portion | \$ 35,000 |
| Long-term portion | 860,000 |
| Total | <u>\$ 895,000</u> |

All District bonds outstanding at September 30, 2007, for \$895,000, are general obligation bonds with maturities from 2008 to 2023 and interest rates from .10% to 7.0%. Bond principal and interest payable in the next fiscal year are \$35,000 and \$41,214, respectively. The individual issues are as follows:

| Bond | Original Issue | Interest Rate | Final Payment Date | Interest to Maturity | Principal Outstanding | Funding Source |
|---------------------------------------|----------------|---------------|--------------------|----------------------|-----------------------|------------------|
| General Obligation Bonds, Series 2003 | \$ 1,015,000 | Up to 7% | March 1, 2023 | \$ 557,945 | \$ 895,000 | Ad valorem taxes |

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the District. At September 30, 2007, the Recreation District No. 6 of Allen Parish has accumulated \$100,599 in the debt service funds for future debt requirements. The bonds are due as follows:

| Year Ending September 30, | Principal Payments | Interest Payments | Total |
|---------------------------|--------------------|-------------------|---------------------|
| 2008 | \$ 35,000 | \$ 41,214 | \$ 76,214 |
| 2009 | 40,000 | 40,103 | 80,103 |
| 2010 | 40,000 | 38,743 | 78,743 |
| 2011 | 45,000 | 37,080 | 82,080 |
| 2012 | 45,000 | 34,818 | 79,818 |
| 2013-2017 | 270,000 | 134,950 | 404,950 |
| 2018-2022 | 340,000 | 66,636 | 406,636 |
| 2023 | 80,000 | 2,200 | 82,200 |
| Total | <u>\$ 895,000</u> | <u>\$ 395,654</u> | <u>\$ 1,290,654</u> |

In accordance with R.S. 39:562, the Recreation District No. 6 of Allen Parish is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At September 30, 2007, the statutory limit is \$3,695,489, and outstanding bonded debt totals \$895,000.

7. RESERVED AND DESIGNATED FUND BALANCES

At September 30, 2007, \$100,599 of fund balance in the Debt Service Fund was reserved for future payments of debt service.

At September 30, 2007, \$134,375 of fund balance in the Capital Projects Fund was reserved for future construction.

Recreation District No. 6 of Allen Parish
Notes to the Financial Statements (Continued)

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

9. COOPERATIVE ENDEAVOR AGREEMENT

Recreation District No. 6 of Allen Parish entered into a cooperative endeavor agreement on April 14, 2003 with the Allen Parish School Board for the purpose of providing for and promoting recreational opportunities for the youth of Ward 3, Allen Parish, generally and, more particularly, students of the Reeves School. The two entities own property that are contiguous to each other and when combined would create a tract or parcel that will be better utilized for the development of a recreational complex. The agreement allows the District to utilize the School Board's property for the construction of recreational facilities. Title to or ownership of this property remains with the School Board.

RECREATION DISTRICT NO. 6 OF ALLEN PARISH
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended September 30, 2007

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE |
|--|-------------------------|------------------|------------------|-------------------|
| | ORIGINAL | FINAL | AMOUNTS | (OVER) |
| | | | | FINAL |
| REVENUES | | | | |
| Ad valorem | \$ 48,871 | \$ 48,871 | \$ 48,829 | \$ (42) |
| Other taxes, penalties, interest, etc. | - | - | 42 | 42 |
| Interest | 1,488 | 1,488 | 1,501 | 13 |
| Total Revenues | <u>50,359</u> | <u>50,359</u> | <u>50,372</u> | <u>13</u> |
| EXPENDITURES | | | | |
| Advertising | 800 | 970 | 931 | 39 |
| Concession stand supplies | - | - | 153 | (153) |
| Insurance | 15,000 | 5,300 | 5,274 | 26 |
| Legal & professional | 4,800 | 7,800 | 5,165 | 2,635 |
| Miscellaneous | 5,000 | 200 | - | 200 |
| Office expense | 1,300 | 200 | 162 | 38 |
| Rent | 600 | 600 | 600 | - |
| Repairs & maintenance | 8,200 | 3,300 | 5,867 | (2,567) |
| Safe deposit box rental | 40 | 30 | 30 | - |
| Utilities | 2,000 | 1,600 | 587 | 1,013 |
| Capital outlay | 10,000 | 50,200 | 52,613 | (2,413) |
| Total Expenditures | <u>47,740</u> | <u>70,200</u> | <u>71,382</u> | <u>(1,182)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>2,619</u> | <u>(19,841)</u> | <u>(21,010)</u> | <u>(1,169)</u> |
| NET CHANGE IN FUND BALANCE | <u>2,619</u> | <u>(19,841)</u> | <u>(21,010)</u> | <u>(1,169)</u> |
| FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR | <u>89,395</u> | <u>89,395</u> | <u>89,395</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) AT END OF YEAR | <u>\$ 92,014</u> | <u>\$ 69,554</u> | <u>\$ 68,385</u> | <u>\$ (1,169)</u> |

Notes to the Schedule:

The budget is adopted on a basis consistent with generally accepted accounting principles.

There was one amendment to the budget in 2007.

The major amendments to the original budget consisted of increasing capital outlay expense by \$40,200 and decreasing insurance expense by \$9,700.

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

Recreation District No. 6 of Allen Parish

PER DIEM PAID BOARD MEMBERS

September 30, 2007

PER DIEM PAID BOARD MEMBERS

As provided by Louisiana Revised Statute 38:1794, the board members may receive \$10 per diem for each regular and special meeting attended but shall not be paid for more than twelve meetings in each year. However, at this time the District is not paying per diem.

The accompanying notes are an integral part of this statement.

INDEPENDENT AUDITOR'S REPORT SECTION

Stutzman & Gates, LLC

Certified Public Accountants

Members:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Recreation District No. 6 of Allen Parish
Reeves, Louisiana

We have audited the financial statements of the governmental activities and each major fund of Recreation District No. 6 of Allen Parish, as of and for the year ended September 30, 2007, which collectively comprise the Recreation District No. 6 of Allen Parish's basic financial statements and have issued our report thereon dated March 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Recreation District No. 6 of Allen Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Recreation District No. 6 of Allen Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Recreation District No. 6 of Allen Parish's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Recreation District No. 6 of Allen Parish's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Recreation District No. 6 of the Allen Parish's financial statements that is more than inconsequential will not be prevented or detected by the Recreation District No. 6 of Allen Parish's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. Significant deficiencies are described in the accompanying schedule of findings and responses as items 2007-1 and 2007-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Recreation District No. 6 of Allen Parish's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-1 and 2007-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Recreation District No. 6 of Allen Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Recreation District No. 6 of Allen Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Recreation District No. 6 of Allen Parish's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, the Allen Parish Police Jury, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Stutzman & Gates, LLC
March 28, 2008

**Recreation District No. 6 of Allen Parish
Schedule of Findings & Responses
For the Year Ended September 30, 2007**

2007-1 Segregation of Duties

| | |
|------------------------|---|
| Condition: | Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control. |
| Criteria: | Effective internal control requires adequate segregation of duties among client personnel. |
| Effect: | Without proper segregation of duties, errors within the financial records or fraud could go undetected. |
| Recommendation: | To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures. |
| Response: | We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible. |

2007-2 Controls over Financial Reporting

| | |
|------------------------|---|
| Condition: | In our judgment, the District's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable skills to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a material misstatement, if present. |
| Criteria: | The Auditing Standards Board recently issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. SAS No. 112 emphasizes that the auditor cannot be part of your system of internal control over financial reporting. |
| Effect: | Material misstatements in financial statements could go undetected. |
| Recommendation: | In our judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported. |
| Response: | We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible. |

**Recreation District No. 8 of Allen Parish
Status of Prior Audit Findings
For the Year Ended September 30, 2007**

2006-1 Segregation of Duties

Corrective action taken – Due to the lack of sufficient financial resources, this finding cannot be resolved.
See 2007-1.